

HOUSE COMMITTEE FIGHTS GLASS PLAN

Shows Opposition to Secretary
Fixing Conditions of Victory
Loan.

SUGGESTIONS ARE MADE

Leffingwell Will Submit Them
and Then Report on Proposals To-day.

Special Dispatch to The Sun.

WASHINGTON, Feb. 17.—Unless the President is able to bring sufficiently strong pressure to bear on the House Ways and Means Committee, and both branches of Congress so that the present determination in these bodies can be altered, the powers and authority sought by Secretary Glass for floating the next Liberty Loan will not be granted. To-day's hearing before the Ways and Means Committee, where Assistant Secretary Leffingwell appeared, demonstrated clearly that the committee is strongly opposed to giving the power to Secretary Glass to fix the conditions under which the loan is to be put.

Fairchild's Proposal.

Representative Fairchild (N. Y.) suggested conditions under which the loan should be sold and asked Mr. Leffingwell his opinion. Mr. Fairchild said: "I have a suggestion to make at this time which I previously made to the committee. I suggest that the responsibility for the sale of the Liberty Loan should be placed on the shoulders of the Treasury Department. It is my belief that it would be desirable to keep a record of all people who subscribed for bonds and then sold them."

Mr. Leffingwell's suggestion to Secretary McAdoo was to prevent a class of people who are not making big bond subscriptions and then a first one of \$100,000,000 to be sold. He suggested that the market and breaking the market. It is generally known that a German syndicate has been operating with this end in view.

Other Suggestions Made.

Several other suggestions were made by the Assistant Secretary. One of them was that the Treasury Department should be asked to get the opinions of Mr. Glass and his assistants. They were: First, a 3 1/2 per cent. tax free bond maturing in five years, coupled with a bond bearing interest at 4 1/2 per cent. with purchases of bonds up to \$50,000 exempt from taxes for a period of five years, or purchases up to \$10,000 exempt from taxes for a period of two years. Second, issuance of \$10,000,000,000 in certificates of indebtedness and issuance of \$10,000,000,000 in notes maturing in more than five years and not less than one year with authority reposing in the hands of the Secretary of the Treasury to fix the rate of interest with the right reserved to the Government to redeem the one year notes in six months and the five year notes in one year if it is deemed advisable. Third, authorization to the Secretary of the Treasury to adopt either the first or second plan, but with the limitation that not more than \$10,000,000,000 in obligations in addition to those now existing should be outstanding at any one time.

Mr. Leffingwell's own opinion expressed to the committee was that none of the suggestions was feasible, but he did not say so. He said that the views of the Secretary of the Treasury.

Excerpts From Testimony.

The Sun herewith presents for the first time the verbal testimony of the Assistant Secretary of the Treasury, Mr. Glass, Assistant Secretary Leffingwell and Eugene Meyer, Jr., managing director of the War Finance Corporation, before the committee on Ways and Means. The committee on Ways and Means is the committee on the Liberty Loan proposals of the Treasury Department.

The examination followed presentation by Secretary Glass of his prepared statement which was published in the Sun Saturday morning.

Mr. Moore (Pa.): "This (the proposed) extension of the powers of the War Finance Corporation is a new proposition. In your judgment should the United States embark in the business of financing corporate or private interests in the foreign as well as the domestic trade?"

Mr. Glass: "I have seen it suggested that it would be an interference with private enterprise and particularly an encroachment upon the privileges and franchises of private banking. I would not want to see the War Finance Corporation used to do that and seek business. If private banking institutions feel themselves encroached upon, they should go to the courts and sue."

Mr. Moore: "This may be part of the Government's policy to encourage Government control not only of public utility, but of private enterprise and to that extent it is highly important to us."

Psychological Legislation.

Mr. Glass: "Mr. Moore, nobody in the world is more anxious to get back to the normal processes of private enterprise than I am, and I think Mr. Meyer's idea of this legislation of this sort would be very largely psychological. I may use that word."

Mr. Sisson (Neb.): "Do you care to say anything about what the policy of the Treasury is as to the course to be followed?"

Mr. Glass: "I can only say briefly that I think the Treasury has formulated policy with respect to that matter as yet, and I think it would be impossible to formulate a policy until the peace negotiations proceed to a greater extent than is apparent, because I think the amount and nature of the indemnities may have some bearing on these questions of the obligations of foreign nations to this country."

Mr. Treadway (Mass.): "You spoke

of stabilizing the price of bonds. How far has the authority given to buy bonds been exercised with that end in view?"

Secretary Glass: "To the extent of about \$446,000,000." "And without very much success in the stabilizing feature because the bonds are pretty low right now."

Mr. Meyer: "It has been successful to the extent that the amount has made the market steadier than it otherwise would have been."

Mr. Treadway: "Was there a marked offering for sale just at the close of the year?"

Increase in December.

Mr. Meyer: "There was a very considerable increase in the month of December—over a month before or since."

Mr. Treadway: "Then there is evidence it was used in that manner to affect the market of the income taxes which the Government has to pay."

Mr. Moore: "What would be the interest rate per annum if this bill should pass?"

Mr. Leffingwell: "If the interest rate were 4 1/2 per cent., you would have a sinking fund of 2 1/2 per cent. that would make 6 1/2 per cent. I think that four billions per annum would include an interest charge and the sinking fund after deducting the interest received from foreign loans."

Mr. Moore: "We are receiving that regularly, are we?"

Mr. Leffingwell: "Yes, regularly. The net interest and sinking fund charge would be very much less than \$2,000,000,000 a year. The sinking fund on \$10,000,000,000 which is assumed would be the net amount of the sinking fund, cumulative sinking fund at 2 1/2 per cent. (which would exactly speaking be required to retire the debt in twenty-five years) would amount to \$1,761,532,323."

Mr. Moore: "Per annum?"

Hypothetical Estimate.

Mr. Leffingwell: "Per annum. If you assume the sinking fund will reach a total of \$28,000,000,000—I am just making an assumption and not an estimate—and assume the foreign loans will amount to \$10,000,000,000, you will have a net debt of \$18,000,000,000. The interest on \$18,000,000,000 at 4 1/2 per cent. would be \$81,000,000 per annum and \$417,000,000 per annum, making a total of about \$1,200,000,000."

Mr. Moore: "Now then, if our expenses to run the Government are about \$10,000,000,000, and we are going to include that charge of \$1,200,000,000 for interest?"

Mr. Leffingwell: "About \$1,200,000,000, which is included in that \$4,000,000,000, and the total would be \$14,000,000,000 per annum to run the Government on a peace basis unless allowing for interest."

Mr. Moore: "In the last analysis that must be raised by taxation in one form or another."

Mr. Garner (Tex.): "May I ask a question about the probable expenditure for 1920? Can you give me any figures on that?"

Secretary Glass: "No, Mr. Garner. I have asked all the departments urgently to give me the estimates, but I have not been able to get them."

Mr. Garner: "While it is not particularly your province to call attention to the estimates of the departments, it is the business of the Government, it is beginning to assume an alarming point to me. I am frank to say I do not not know what the estimates are, but I believe you can continue to sell a year from now bonds to the extent of \$5,000,000,000 to \$10,000,000,000 a year with a sinking fund we already have outstanding."

Must Appeal to Patriotism.

Secretary Glass: "You could not do it now as an investment proposition. That is what I have been trying to convince the bankers who talked about approaching the subject in a cold blooded business way, that we have to appeal to the patriotic impulses of the country and not merely on an investment proposition because there is not sufficient demand for bonds at a rational rate of interest."

Mr. Garner: "Suppose we were driven to the point where we have got to have a sinking fund of \$10,000,000,000 a year on business if the United States is going into the market each year for \$5,000,000,000 credit for two or three years?"

Mr. Glass: "We hope we are not going to do that. We hope we are over the hill now and are going down."

Mr. Garner: "If you issue to the full extent of the \$10,000,000,000 authorized in this bill in bonds and the expenditures go to \$10,000,000,000 next year and \$4,000,000,000 of taxes it only leaves a balance of \$6,000,000,000. We have to have from four to six billions next year in order to run the Government."

Secretary Glass: "I had in my office some days ago a committee of bankers and manufacturers who are insisting upon a new tax bill to issue to raise \$10,000,000,000."

Mr. Treadway: "The only thing I indulge in the hope that they are perfectly correct."

Mr. Moore: "That is what they feel about it."

Mr. Garner: "I want to say I feel it was a very grave mistake which was made by Secretary McAdoo and the President when they suggested reducing the amount from \$5,000,000,000 to \$5,000,000,000."

Secretary Glass: "I rather disturb my dreams to have anybody suggest that Secretary McAdoo ever made any mistake. If he did I would begin to wonder what would happen to me."

Mr. Dickinson (N. Y.): "I want to inquire what in your judgment, if this power is given and this \$10,000,000,000 of bonds at a higher rate of interest are put on the market or issued, will have the effect on the outstanding bonds at a lower rate of interest now held by the people with no right of conversion—will be the effect as to their marketable value? Will they go down?"

Secretary Glass: "I have suggested to this committee that the date of conversion, unvalued of to a considerable extent of some of the bond issues, be prolonged. It would depend somewhat on the nature and extent of the exemption from taxation that the Secretary of the Treasury might see fit to exercise."

Mr. Dickinson: "And if these outstanding bonds with a lower rate of interest should commence to fall in price because of the small holders cannot unload very rapidly and would not be bought up by those who are able to buy at a low value, and later would not be redeemed, would that not be a disaster?"

Secretary Glass: "I think that would most likely happen."

Rathbone Testifies.

Albert Rathbone, Assistant Secretary of the Treasury, charged the foreign loan bureau, testified to the authority requested to continue after the signing of peace the extending of loans to foreign Governments. Among other ques-

tions which have come to his office in the line of providing assistance, he said it was the desire of the War Department to sell to Belgium some rolling stock that is now in France.

Mr. Rathbone: "No, I would not object to that, would you, Mr. Sloan?"

Mr. Sloan: "No, I would not object to the Government selling and I think the Government could probably take Belgian bonds and take those bonds with a maturity of about the maturity of our bonds (that is one thing in which I am very much interested), so it will be carried out in such a way that at the expiration of the maturity of our bonds we will have a foreign bond with which to pay that bond. And I would not object, of course, to selling any machinery or any supplies whatever and taking foreign securities, but that is not the purpose of this bill."

Mr. Rathbone: "It is only a part of the purpose."

Question of Authority.

The Chairman: "In fact I doubt very much whether the bill itself would permit that, because the language of the bill is not to permit us to sell articles we already have over there and take bonds for them."

Mr. Rathbone: "Then there are here of course a number of commodities here which are Government owned and for which it has no use."

Mr. Sloan: "But that is a Government function rather than the building up of commerce so far as private individuals are concerned. The large feature of this bill is to build up private commerce instead of the Government's administrative affairs."

Mr. Rathbone: "It is the policy of the Secretary of the Treasury that so far as possible, even if this authority is granted, the various foreign nations will be asked already to do that, and to a certain extent that has been done. But the bill is not to be taken as a suggestion that investors should be educated to take the foreign investments, the slack has to be carried to some extent by our banks, by our exporting concerns, by our shipping lines, and by our other agencies."

Mr. Sloan: "I am not sure that the bill is not to be taken as a suggestion that investors should be educated to take the foreign investments, the slack has to be carried to some extent by our banks, by our exporting concerns, by our shipping lines, and by our other agencies."

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OWEN FINDS BREST CONDITIONS SERIOUS

Senator Returns From Study
of Embarkation Camps
in France.

QUICK ACTION IS NEEDED

Convalescents Especially Suffer
From Overcrowding
and Lack of Care.

Special Dispatch to The Sun.

WASHINGTON, Feb. 17.—Senator Owen of Oklahoma, who returned from a study of the conditions in the embarkation camps in France, today said that the conditions were very serious, especially for the convalescents, and that quick action was needed to remedy the bad conditions.

Senator Owen said he was distressed to find that the conditions in the embarkation camps in France were very serious, especially for the convalescents, and that quick action was needed to remedy the bad conditions.

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because I was at Brest substantially at this time last year. It rains there 230 days out of 365, and sometimes five times a day. The mud seems to be our big trouble there."

The Secretary added that returning officers and other who had passed through Brest recently had told him that food conditions were very good, and that outside of the weather and the mud they saw little to complain of. He said he could well imagine the feeling of the men waiting in that camp for returning ships, however, and fully sympathized with all the discontent and unhappiness that this waiting under unpleasant conditions entailed.

As an instance of the arrangements for feeding the troops at Brest, Mr. Baker said he had been told of a day recently when 2,000 men were served with a total of 20,000 hot cakes.

"When you think of mass cooking for soldiers," he said, "cooking flapjacks for them is going about the limit."

NEEDFULS LACKING IN ARGONNE BATTLE

Gov. Allen Charges Staff Inefficiency in Supplying
Troops in 6 Days Fight.

Special Dispatch to The Sun.

WASHINGTON, Feb. 17.—Starting testimony on the part of the staff departments in the American Expeditionary Forces to function in support of the House Rules Committee by Gov. Henry J. Allen of Kansas, who appeared in support of Representative Campbell's resolution for an investigation of the activities and treatment of the Thirty-fifth Division in the Argonne battles, Gov. Allen is expected to make further revelations to-morrow before the Senate Military Committee.

As a result of the testimony of Gov. Allen, who served with the Thirty-fifth Division, Kansas and Missouri troops, in his Y. M. C. A. capacity the Rules Committee may report out a resolution calling for a more or less general investigation of the conduct of the American Expeditionary Forces.

In the case of this division in the Argonne battles Gov. Allen declared the casualties in six days fighting amounted to about 7,000 men, of which 1,733 were killed in action.

Due largely to poor staff preparation and inefficiency in the service of supplies according to Gov. Allen's statement these points stood out in the battle.

Infantry, unsupported by artillery, was sent against machine gun and artillery fire.

Shortage of horses and inferior horses made it impossible to move the divisional artillery fast enough to keep pace with the advancing infantry.

Through shortage of stretchers, ambulances, first aid equipment and transportation wounded lay on the ground for forty-eight hours without adequate clothing or emergency rations.

The day before the division went into the greatest battle two of its general officers were relieved.

All Lacking but "Raw Men."

"The Argonne Forest was the battle for which we had been preparing for months," Gov. Allen testified. "We did not have the machinery."

"It seemed to be part of that highly organized inefficiency that characterized the campaign," he said. "Whenever you touched anything it fell down; all except one thing—the raw material—and that was all right."

Gov. Allen said that the raw material was the men who were sent into the Argonne fight under command of Brig. Gen. C. L. Martin, now Adjutant-General of Kansas. Gen. Martin will testify to-morrow.

"The Secretary of War tried to show that the Thirty-fifth Division had no more than a number of other divisions," Gov. Allen testified. "This should be noted, however, that this six day Argonne battle was the only one in which the men of the division were killed."

While most of the divisions were sent to the front in comparison had been in numerous engagements.

Gen. March has said that 120 airplanes were used in the Argonne battle. If so they covered a twenty-two mile front and many would be on the ground. There were not enough at any one time to do any good. The artillery did not arrive and we fought with French ordnance. We were constantly buying broken down horses from the French for \$400 each and losing them the next day because they were unfit to do the work."

Artillery Support Falls Down.

Gov. Allen read a letter from a Lieutenant-Colonel which stated: "Our artillery failed us and did not support us after the first few hours. We fought the German artillery, machine guns, hand grenades, etc., with our service rifles only."

Gov. Allen read letters issued by Major Gen. Peter E. Traub, commander of the division, stating that the 110th General had a position in the line for several days, although it was not supposed to be organized for infantry duty.

Norfolk & Western Common Stock

Norfolk & Western common stock bought on the Partial Payment Plan at its present price and at its present dividend rate, will yield 7.25% on your deposits while you are paying for it.

On the basis of 10 shares (you can buy more or less), the transaction can be summarized as